



BR&E

2005

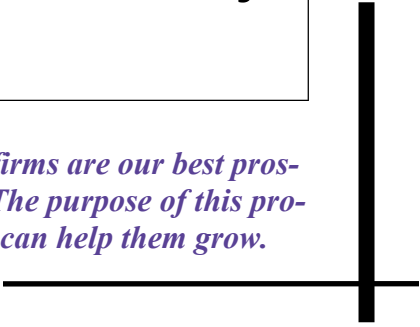


GRANTS PASS/ JOSEPHINE COUNTY, OREGON

Summary data from business visitations and surveys
JULY 2005



We believe our existing firms are our best prospects for future growth. The purpose of this program is to see how we can help them grow.



GRANTS PASS/ JOSEPHINE COUNTY, OREGON

BUSINESS RETENTION & EXPANSION PROGRAM

2005 BUSINESS RETENTION & EXPANSION (BR&E) BUSINESS SURVEY/ VISITATION SUMMARY REPORT

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July 15, 2005

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Program information, including electronic versions of this report, is available on this website:

<http://www.visitgrantspass.org/econdev/retention.htm>

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Grants Pass/ Josephine County, Oregon Business Retention & Expansion (BR&E) Program

Introduction

Every community needs to pay attention to their existing businesses. The Grants Pass/ Josephine County Business Retention and Expansion (BR&E) program is a key element in staying in touch with local businesses and developing strong local economic development efforts. While the attraction of new businesses and the encouragement of new business start-ups are important parts of an overall economic development strategy, many communities across the county now recognize the need to do a lot more to help existing businesses survive and grow.

The survey conducted by the Grants Pass/ Josephine County BR&E Task Force is a way to get to know the needs and aspirations of our local businesses. The survey results are used to develop strategies that help businesses remain and expand in Grants Pass/ Josephine County.

Objectives

1. To demonstrate to local businesses that the community appreciates their contributions to the local economy.
2. To help existing businesses solve problems.
3. To assist businesses in using programs aimed at helping them become more competitive.
4. To anticipate future local business issues and trends and develop strategies to address these.
5. To build community capacity to sustain growth and development.
6. To specifically identify those businesses poised to expand that need assistance to grow.
7. To develop collaborative relationships for participating in comprehensive long-range retention and expansion activities.
8. To identify opportunities to attract support businesses.

Sponsorship

This program is sponsored locally by the Grants Pass/ Josephine County Chamber of Commerce and the City of Grants Pass. It is supported by Rogue Community College, Oregon Employment Dept., The Job Council, Southern Oregon Regional Economic Development, Inc. (SOREDI), SOWAC Microenterprise Development

Center, Pacific Power, Avisita Utilities, and the Oregon Economic & Community Development Dept. Additional significant private sector support has been received from Recognition Specialties, Bank of the Cascades and Premier West Bank.

The history

In 1998, the City of Grants Pass was seeking to develop a business retention and expansion program. At the same time, the Grants Pass/ Josephine County Chamber of Commerce called together its Business Retention & Expansion Committee which had been on hiatus for a number of years. Through research conducted by the City, the Chamber Committee ultimately decided to undertake a program developed by the Minnesota Extension Service. It was soon learned that the Western Rural Development Center, at the time housed at the main Oregon State University campus in Corvallis, would be able to provide a significant amount of technical assistance and guidance at little or no cost to the community.

In early 1999, the program was launched and the first round of business visitations and surveys was conducted. The effort won the "Sustainable Oregon" award from Gov. John Kitzhaber that year. In 2001, the program won an international community award from BREI (Business Retention and Expansion International). The awards were due mostly to the fact that the program had demonstrated real results from its efforts, namely enabling one or more key local manufacturers expand their facilities and add jobs.

Each year, an annual retreat/ planning session was held to look back on the previous year's accomplishments and look ahead to planning for future activities and strategies. It was determined that comprehensive surveys would be conducted every three years, so a second round of surveys was conducted in 2002. In 2003 the format of the annual meeting was changed to become more akin to an annual economic development forum, complete with professional speakers and an awards program.

2005 marks the third round of surveys and the third year for the annual forum under the new format. Both activities are bigger and better than in previous years.

Why is Business Retention & Expansion (BR&E) important?

Our slogan in 1999 was, “We believe our existing firms are our best prospects for future growth. The purpose of this program is to see how we can help them grow.” That statement continues to hold true today and has worked its way into local economic development policy and is evident in some of the major business growth projects happening today in the Grants Pass area. Virtually all new projects, job growth and capital investment are due to existing businesses expanding. The BR&E team has been involved in most, if not all, of the projects in one way or another. We’ve demonstrated our ability to successfully transition two recent business relocation efforts (Encore Ceramics and Fire Mountain Gems) into successful BR&E efforts by providing continuing and ongoing assistance even after the business came to town. It’s classic “service after the sale.”

Most new jobs are created by existing, smaller businesses. Beyond that, the return on the investment of financial and human resources is much greater when invested in local businesses than on new business recruitment. And lastly, a happy and healthy local business climate will actually make new business recruitment much easier as existing businesses become ambassadors for the community.

The process

There are many methods to conducting a successful local BR&E program. One of the ways this program differs from others is that it uses local community leaders as volunteers to visit with the business owners and managers in a one-on-one sit-down visit/survey at the interviewee’s place of business. One of the key benefits of this approach is the relationship-building that it inherently fosters. This approach is also much more cost-effective than hiring “professionals” to collect the data for the community.

In 1999, when the Grants Pass/ Josephine County BR&E project conducted its previous formal comprehensive business visitation and survey program, local businesses were riding the crest of an exciting economic wave. One of the most revealing facts from this effort was that 45 of the 61 businesses surveyed were planning to add 1,200 new jobs over the

next three years. Three years later in 2002 the world was dramatically different in the post-9/11 era. Did the businesses add the jobs they anticipated after 1999? Many expansion projects were placed on hold. Most businesses were on track to meet their projections until the catastrophic economic events of 2001-2002 set in. One thing is certain; businesses in 2002 were less optimistic than they were in 1999. Still, most of them were planning for healthy future growth.

In 2005, the optimism seems to have returned for the most part. Businesses are again looking to the future for growth, and many have grown significantly since 2002. Most local businesses survived the recession very well, and some even thrived. The size of the labor force and the number of people employed locally are at historic highs in 2005. Dozens of area businesses are in one phase or another of a local expansion effort. More business surveys were completed in 2005 than in 2002 or in 1999.

**66
business
surveys
were
completed
in 2005.**

What’s different between the 2005 survey and data and the previous versions?

Number of businesses surveyed. In 1999, we set out to visit around 95 businesses and collected data from 61 when all was said and done. In 2002, we set out to visit over 140 and ended up collecting data from only 37, with five being considered incomplete. However, in 2005 we set out to visit 100 businesses and completed 66, our highest completion rate yet.

The types of businesses surveyed. In 1999, we targeted every non-government business with over 100 employees, then took a sample of businesses by SIC code in manufacturing, wholesale trade and some service sector. In 2002, we visited a broader mix of businesses, including some we had visited previously and many new, smaller businesses, including several retail businesses. Some of high refusal rate may have been due to the types of business, but may also have been due to such things as:

state of the economy and businesses' comfort level, inadequate visitor training and follow-through, and the fact that the survey process and instruments were not fully understood by the visitors or the businesses. 2005 was very similar to 1999 in that we targeted every private sector employer with over 100 employees and sampled "traded sector" businesses to round out a list of 100 businesses. Generally speaking, the list of businesses chosen is based on a selection of businesses which have the ability to make significant impacts on the local economy, both positive and negative. The list was chosen by the BR&E Task Force.

The amount and quality of technical resource assistance. In 1999, we were privileged to receive a great amount of technical assistance, including the writing of the survey document and the final report by Oregon State University staff. We also had much human support from partnering agencies, specifically from the City of Grants Pass. In 2002, we had neither. We ran a leaner ship, and quality suffered a bit. In 2005, the City received a Lottery grant from the Regional Investment Board, which allowed us to hire Rebecca L. Reid to develop our survey and provide data analysis and technical assistance.

The survey instrument changed. We struggled in the years between 1999 and 2002 with some interim surveys, testing out simpler and shorter surveys. We elected to go with a two-part survey in 2002. While our intent was good, ultimately, the two-part document created much confusion and may have led to incomplete surveys and frustrated visitors and businesses. In 2005 we returned to what worked best for us in 1999, namely using funds to hire a professional to develop our survey instrument and analyze the data. We also conducted field testing of the survey in 2005, something that was overlooked in 2002.

Red Flag Review. In each round, after the surveys were completed and returned, the Task Force meets to review each survey and decide on how to handle the immediate follow-up. The Red Flag review is designed to identify and deal with immediate issues or problems discovered during the survey process, without waiting for formal analysis of the survey data. Prompt attention to issues raised, creates a positive response from survey participants and builds good will. The Task Force continues to address 94 unique Red Flag issues from the 2005 survey & visitation.

People involved in the local BR&E program:

2005 Leadership Team & Task Force:

Charlie Mitchell, chair, City of Grants Pass
Linda Draper, annual meeting coord., The Job Council
Ainoura Oussenbec, Oregon Employment Dept.
Gail Gasso, Oregon Employment Dept.
Jean Work, Oregon Employment Dept.
Jon Jordan, Chamber of Commerce
Colleen Padilla, SOREDI
Lois Keller, Recognition Specialties
Colene Martin, Photo Den
Bob Swandby, RCC Small Bus. Dev. Center
Donna Love, RCC Small Bus. Dev. Center
John Lopez, RCC
David Tally, SOWAC
Steve Vincent, Avista Utilities
Roger Harding, RCC Small Bus. Dev. Center
Diana Corder, Pacific Power

2005 Volunteer visitors:

In addition to the Leadership Team & Task Force:

Bill Jiron, RCC
Bob Hutsell, RCC
Carla Angeli, City of Grants Pass
Claudette Wilder, Wilder Appraisal
Darlene Dart, Premier West Bank
David Matthews, OMEP
Dawn Nelson, Sterling Bank
Dean Wendle, Washington Mutual
Diana Corder, Pacific Power
Fred Saunders, City of Grants Pass
Gail Turner, Success-BUILDER
Jared Voice, City of Grants Pass
Jeff Hunter, USF Reddaway
Joe Rich, self employed
Judy Ano, Grants Pass Golf Club
Ken Heindsmann, The Job Council
Kerrie Walters, City of Grants Pass
Kimberly Haney, RCC
Larry Holzgang, OECDD
Laurel Merkel, Evergreen Federal
Lew Tagliere, self employed
Lisa Woodruff, Logan Design
Lyn Hiatt, Recognition Specialties
Lynn Van Deroef, City of Grants Pass
Mary Hambleton, Travelhost
Michelle Ross, Encore Ceramics
Mike Peil, Bank of the Cascades
Nancy Maxwell, RCC
Peggy Buskirk, Sterling Bank
Rob Hambleton, Soul Canyon Assoc.
Ruth Pepple, Becoming a Love & Logic Parent
Sharon Bryson, Options for So. Oregon
Sheri Murphy, Home Valley Bank
Sid Jack, Oregon Employment Dept.
Susan Goracke, Daily Courier

Firms Visited:

100 firms were targeted to be visited, and 66 surveys were completed. The community and the BR&E Task Force greatly appreciate the willingness of these businesses to help the community understand their needs. Their survey responses are confidential yet it is important to credit their participation by listing their names here in Table 1. Eighteen businesses that were surveyed in 2002 were also surveyed in 2005. 24 businesses that were surveyed in 1999 were also surveyed in 2005. And four businesses have been surveyed in each round. Twenty-eight businesses were surveyed formally for the first time in 2005.

Table 1.

48 States News Dist. Co. [†]	Marzi Sinks
Albertson's [†]	MasterBrand Cabinets ^{†*}
Alltrax, Inc.	Met One Instruments [†]
Bob Drake Reproductions Inc. ^{†*}	Mock Ford Sales Inc.*
Cary's of Oregon*	Murphy Creek Cutstock Turnings
Cole Machine & Mfg. Co. Inc. [†]	Mycorrhizal Applications Inc.
Copeland Sand & Gravel, Inc. [†]	NRG Research/ Linx Technologies [†]
Core-Mark Distributors Inc. [†]	Orange Torpedo Trips [†]
Courier Publishing Co. Inc. [†]	Oregon Swiss Precision Inc.*
Crate Ideas/Wilderness House	Pacific Ironworks Inc.
Duro-Last Roofing Inc. [†]	Pharmacy Computer Services Inc.*
Dutch Bros.	Radio Design Group
ECS Composites [†]	Recognition Specialties*
Encore Ceramics*	Robco Inc.
Energy Outfitters Ltd.	Roger Hansen Logging
Esam Inc. [†]	Rogue Truck Body
Familian/ Ferguson Ent.*	Rogue Valley Natural Spring/ Bio-Logic Aqua Technologies
Fiberoptic Lighting Inc. [†]	Rough & Ready Lumber Co. [†]
Fire Mountain Gems & Beads	Royale Gardens Health & Rehab [†]
Gates Home Furnishings*	Safeway [†]
Glass Forge Gallery & Studio	Sharp's Tarps Inc.
Grants Pass Broadcasting/ KAJO	Siskiyou Design Inc. ^{†*}
Grants Pass Sanitation Inc.*	Southern Oregon Sanitation Inc.*
Grayback Forestry Inc.	Spalding & Son/ Rogue River Stone
Hart Insurance*	SPARC Enterprises Inc.*
Hellgate Jetboats Excursions	Swissmetric [†]
Henderson's Line-up	Taylor's Sausage Inc.
Herb Pharm [†]	The Bridge Retirement & Assisted Living
Highland House Inc. [†]	Three Rivers Community Hospital ^{†*}
Hy-Speed Machining Inc.	Timber Products [†]
Ken Roberts Co.	Umpqua Dairy Products Co.*
Laurel Hill Nursing Center	USF Reddaway
Les Schwab Tire Center*	VISP Technologies

**firms that were also surveyed in 2002 round of BR&E surveys*

[†]firms that were also surveyed in 1999 round of BR&E surveys

Grants Pass & Josephine County Economic Profile:

Job growth and industry diversity continue to be the themes for the Grants Pass area. Once a timber and natural resources dependent community, today no singular or group of businesses and no singular industry dominates the local economy. Total employment in Josephine County hit an all-time high in December of 2004 as the year closed out, as the state and nation finally began to climb out of a recession that largely had little impact on Southern Oregon. In 2004 the Fire Mountain Way project completed, aiding in the expansion of local employer Fire Mountain Gems, which has added over 200 jobs since it moved to Grants Pass in late 2001. Josephine County added over 1,000 jobs during 2004, an increase of 2.8 percent over 2003 – a rate higher than the state or the nation. Of the 32 labor markets in Oregon, Josephine County grew at the fourth fastest rate in 2004. In the past five years, the county has added 4,979 new jobs at a rate of 19.6 percent, or an annual job growth rate of over 3.9 percent. The manufacturing and construction industries continue to add jobs at a brisk pace, which is a very healthy sign for the community, as these sectors tend to produce jobs with better-than-average wages and benefits. And, in terms of manufacturing, new wealth is flowing into the local area from outside sources.

Josephine County's unemployment rate in 2004 ranged from a low of 6.7 percent in May to a high of 9.6 percent in January. Josephine County added 1,050 payroll jobs in 2004, with new jobs distributed across industry sectors, with notable gains in construction, professional and business services, health care and other services. Our year-to-year payroll job growth rate was about 4.6 percent. The number of unemployed as the year closed out was 2,852. The average number of unemployed persons in the county in 2003 was 2,819 – down from over 3,000 in a decade earlier.

The largest city and county seat in Josephine County is Grants Pass, population 24,790. The Grants Pass urban area has a population of around 35,000. Since 1990, the population of Grants Pass has increased by 42.1 percent, rising from 17,448 to 24,790 in 2004. Population for Josephine County as a whole has seen similar trends, growing from 62,649 in 1990 to 78,600 in 2004. The county's population is projected to reach 85,000 by the year 2010. Cave Junction, the county's other incorporated city, has 1,420 residents. All of this decade's population growth in Josephine County has come from in-migration. While Josephine County has an aging population (over 20 percent of the county's residents are 65 or older), the fastest growing age group in the county is 45-54; this is also the largest age group by percent of total. The 25-34 age group has declined by 4.5 percent in the past decade.

Employment Trends and Industry Diversity

Josephine County's reliance on logging and timber products manufacturing has decreased over the past two decades. Despite this, new jobs continue to be added. And while the county's industrial base has diversified to include high technology, medical care, tourism, retirement services, retail trade and other service and manufacturing sectors, the wood products industry is still a major force in the county. Many of the top manufacturers in the county, including those producing wood products, continue to expand and add employees.

In fact, the County leads the state in economic diversity among rural counties. A state economist has determined Josephine County to rank highest among rural Oregon counties in terms of economic diversification. The index model, known as the Hachman Index, was produced by Frank Hachman of the Bureau of Business and Economic Research at the University of Utah.

The county currently employs around 700 in wood products. Retail trade is the largest sector of employment (15.9%), followed by health services (14.2%), manufacturing (12.5%), leisure and hospitality (10.9%), and local education (8.3%).

510 new jobs were added in 2004 in the construction, manufacturing, wholesale trade and health services sectors – all sectors which pay above the county average wage. The total civilian labor force in the county grew to over 34,000 in 2004. Overall, in the whole county, over 3,828 net new jobs were added between 1993 and 2003, and increase of over 15 percent.

MasterBrand Cabinets and Three Rivers Community Hospital, two of the county's largest employers, both are adding good-paying jobs to local workers in health care and manufacturing. A new Albertson's and expanded Wal-Mart are adding jobs in retail trade. Meanwhile, companies like Fire Mountain Gems, Rogue Valley Door, OOGP, DCS, Energy Outfitters, Marzi Sinks, Duro-Last Roofing, Krauss Kraft and Encore Ceramics are all expanding and adding new jobs.

Following similar national and statewide trends, manufacturing employment has fallen by more than 800 in the past decade in the County. Employment in the wood products industry fell by about 33 percent in this time. However, employment in secondary wood products manufacturing continues positive or stable growth. Non-manufacturing has experienced modest growth. Through 2005, the services sector is projected to see the fastest job growth in the region (30.7 percent); followed by construction (24.6 percent); and trade (22.8 percent). The trade sector will continue to dominate the market in terms of total job count in the region. Some of the fastest growing occupations in the region through 2006 include home health aides, social welfare service aides, computer engineers, amusement/ recreation service workers, preschool teachers and computer-related specialists.

Grants Pass/ Josephine County 2005 Survey Results:

Following are the results of the survey of 66 firms by the Grants Pass/ Josephine County BR&E Task Force and Volunteer Visitors during January through March of 2005. The firm characteristics are summarized first followed by suggested projects and strategies selected by the author & Task Force.

Characteristics of Firms Visited

The firms visited represent a sample of around two percent of the businesses in Josephine County (~3,000 firms). Of the 100 firms targeted, 66 completed the visits, the highest number and completion percentage yet for this program. Seventy-nine percent of the surveyed firms are locally owned. The types of firms in the visited sample fell into several categories (see Fig. 1). In order of decreasing size the largest broad industry categories were:

Manufacturing:	50%
Services:	14%
Business Services:	12%
Wholesale Trade:	9%
Retail Trade:	8%
Health Services:	8%

These firms employed nearly 5,000 full-time people in 2005. Distribution of employment size was fairly evenly spread across the range (see Fig. 2). The overall mean employment size was 76 employees.

General Information

- 71% of those businesses surveyed have attended at least one trade show in the past five years
- 52% say they have issues with waste products—most dealing with the expense of waste and how to deal with wood and paper waste.
- 20% of firms said they spent 20% or more of their sales on research & development (R&D). The mean amount spent was around 9%. Nearly half of the businesses spent between one and nine percent, particularly manufacturing firms.
- Nearly half of the firms surveyed say they have

recently adopted an innovation that has not yet been widely adopted in their industry. Most of these innovations were improvements in production process, labor/management, information management and product distribution.

- Over half of firms sell their products nationally or internationally, with 12% selling all of their products nationally; of those who sell nationally, the mean volume sold nationally is 69% of total sales; 17% sell all of their products locally exclusively.
- Over half of all firms purchase an average of 30% of their raw materials and supplies locally; over half of firms purchase an average of 89% of their inputs nationally; one third purchase internationally; common local purchases include office supplies and manufacturing parts.

Fig. 1.

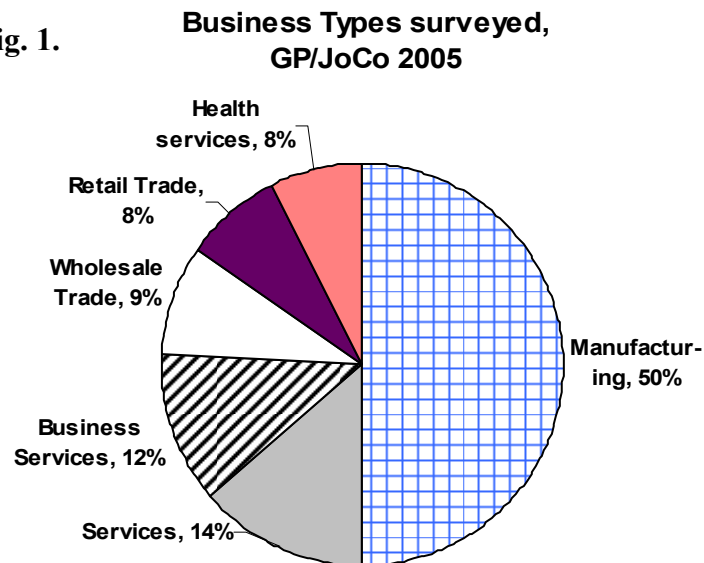
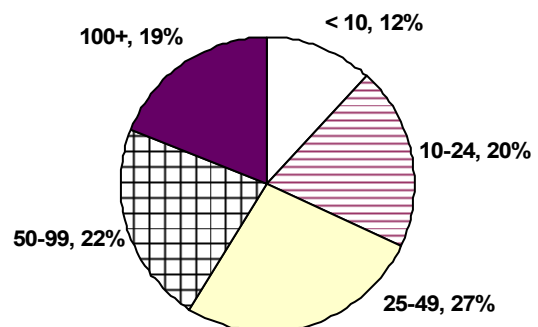


Fig. 2. Surveyed firms by employment size, GP/JoCo 2005



What did we learn?

Major findings:

Businesses have moved past a recovery mode and are in the midst of major expansions, in many cases.

Many businesses indicate... a fairly consistent need for training.

Most find this area to be a good or better place to live and do business.

- Businesses have moved past a recovery mode and are in the midst of major expansions, in many cases.
- Many businesses will need assistance with their expansions.
- Issues such as solid waste disposal and health care continue to be issues, especially for small businesses.
- Generally, optimism greatly eclipsed the 2002 survey and slightly eclipsed the 1999 survey.
- Businesses are generally happy with their workers, but many still have trouble finding the people they need, especially when they look to expand.
- Most find this area to be a good or better place to live and do business.
- Many businesses indicate, as they did in 1999 & 2002, a fairly consistent need for employee & management training.
- Virtually all of the firms surveyed are planning to make or have recently made major changes and/or investments in their business.

About the data:

The next several pages contain brief text and graphical representations of the data obtained from the surveys. The data is generally presented in the order that it was asked. Not all questions and responses are listed here; only those that lent themselves best to interpretation. This document is intended to be a summary of the data for general consumption. Some of the detailed data contains responses that contain confidential and/or proprietary or inappropriate comments and responses. In these cases, the responses may have been edited and/or paraphrased for the purposes of this summary to protect the confidentiality of the employer and/or the volunteer visitor and in some cases to produce smoother-flowing data. The strategies that are listed are the expert opinion of the author and have not been fully discussed with the BR&E Task Force.

Rating the community

In each round of the surveys - 1999, 2002 and 2005, businesses were asked to rate the community as a place to live and as a place to do business. Community ratings have improved each year the survey has been conducted. We've seen each rating improve by about 0.2 in each category every three years. For the 2005 survey, interviewed firms' opinion of Grants Pass/ Josephine County

as a place to do business is 90 percent good/excellent (average score of 4.3 on a scale ranging from very poor (1) to excellent (5)).

Their opinion of Grants Pass/ Josephine County as a place to live on the same

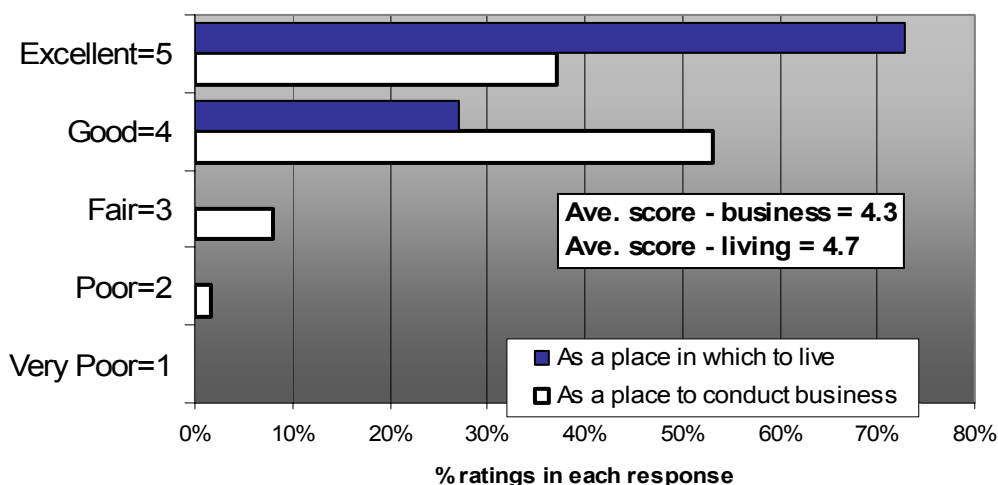
scale is 100 percent good/excellent (average score of 4.7). Since the survey began in 1999, we have seen community rating scores improve in each round. In 1999 the average rating of the community as a place to do business was 3.9, and the average rating as a place to live was 4.4. In 2002 the average rating of the community as a place to do business was 4.1, and the average rating as a place to live was 4.5.

Table 2.	Community as a place to do business	Community as a place to live
1999	3.9	4.4
2002	4.1	4.5
2005	4.3	4.7

Advantages & Disadvantages.

Businesses were asked to list the main advantages and disadvantages they gain or incur from being located in the Grants Pass/ Josephine County community. In many cases, the attributes of this area can be

Fig. 3
Opinions of GP/JoCo as a place to do business & live
2005



Community ratings have improved each year the survey has been conducted.

both a hindrance and a help—such as the size of our local community and our relative remoteness. See Table 3 & 4.

Table 3.

Key Advantages:	
Location	33%
Community	32%
Quality of Life	21%
Labor/Workforce	21%
Economic/Costs	17%
Resources	6%
Assistance	6%

Table 4.

Key Disadvantages:	
Distance from Markets	18%
Workforce	18%
Transportation	15%
Distance from Inputs/Resources	14%
Small area	11%
Government Issues	11%
Shipping costs	9%
Community Issues	9%
Technology/Utilities	8%
Other Costs	6%
Lack of Econ. Activity	6%
Business Climate	6%
Financial Support	2%

Profiles of the businesses surveyed

One half of the businesses surveyed were manufacturers as a primary component of their business. The other half were a combination of services and trade.

<u>Industry sector</u>	<u>primary</u>
Manufacturing	33
Services	9
Business services	8
Wholesale trade	6
Health services	5
Retail trade	5

Location

Grants Pass Urban Area	51
Other Josephine County	6
Merlin area	5
Illinois Valley	4

***77% of the businesses surveyed resided in the Grants Pass Urban Area.
8% were from the Merlin area, 6% were from the Illinois Valley, and 9% were from other areas in the County.***

Table 5.

Average (mean) employment size:	76
Median employment size:	32
Employment range:	1 - 700

Employment

In the survey, businesses were asked to report how many employees in the categories of full-time, part-time, and temporary/seasonal were working there three years ago, currently and projected in three years. Fig. 4 shows that among the 66 companies who responded, they anticipate adding 931 new full-time jobs in the next three years. This represents about a 19% increase, or about 6.33% per year. This is slightly less than previous growth, but compares well to growth from the past three years, when these companies added 990 jobs, or around a 25% increase, and annual increase of about 8.33%. This says that the businesses plan to grow in

Table 6.) The mean number of employees is expected to grow by 24% over the next three years, and has grown by 25% over the past three years. The percentages of full-time, part-time employment will

**FIG. 4 Full time employment among 66 reporting companies
GP/JoCo 2005**

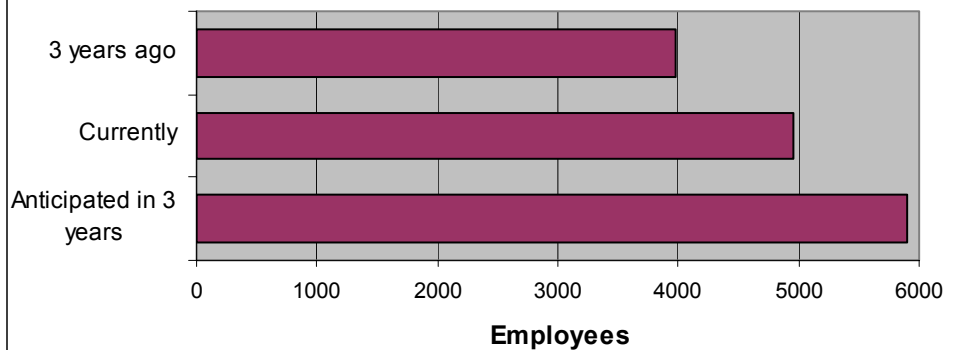


Table 6.	3 years ago	Currently	3 years from now
Overall mean size of employment	61	76	94
Mean percentage: Full-Time	86%	86%	87%
Mean percentage: Part-Time	17%	17%	18%
Mean percentage: Temporary	3%	8%	5%
Mean percentage: Seasonal*	3%	7%	5%
*63% of those businesses that had seasonal employees listed "summer" as the peak season.			

the next three years similarly, if slightly slower, than they did in the past three. Employment growth based on the mean of all employers surveyed and the distribution of employees by employment status appears to be largely unchanged when comparing the past three years with 2005 and looking ahead to 2008 (see

change very little in the next three years and has changed very little in the past three years. However, there does seem to have been a growth in the percentages of temporary and seasonal employees in the past three years, but employers expect future numbers in these areas to reflect the past more than the present as projected percentages look to a shift back to the 2002 status. This cycle could be reflective of a recovery mode, where employers are ramping up rapidly following a period of slow growth and have

Table 7.	Currently	In 3 years
Mean percentage: Gen. Production	23%	23%
Mean percentage: Skilled Production	44%	43%
Mean percentage: Clerical/ office	14%	13%
Mean percentage: Sales	14%	14%
Mean parentage: Professional/ Mgmt.	24%	24%

not fully committed to hiring employees on a permanent basis.

The percentage of employees by occupation classification is projected to remain virtually the same in three years as it is today (see Table 7.),

thus demonstrating no major shifts anticipated by those local employers surveyed between a distribution of general production, skilled production, clerical, sales and professional/ management. Little

change is expected in the distribution of employees across occupational categories over the next three years.

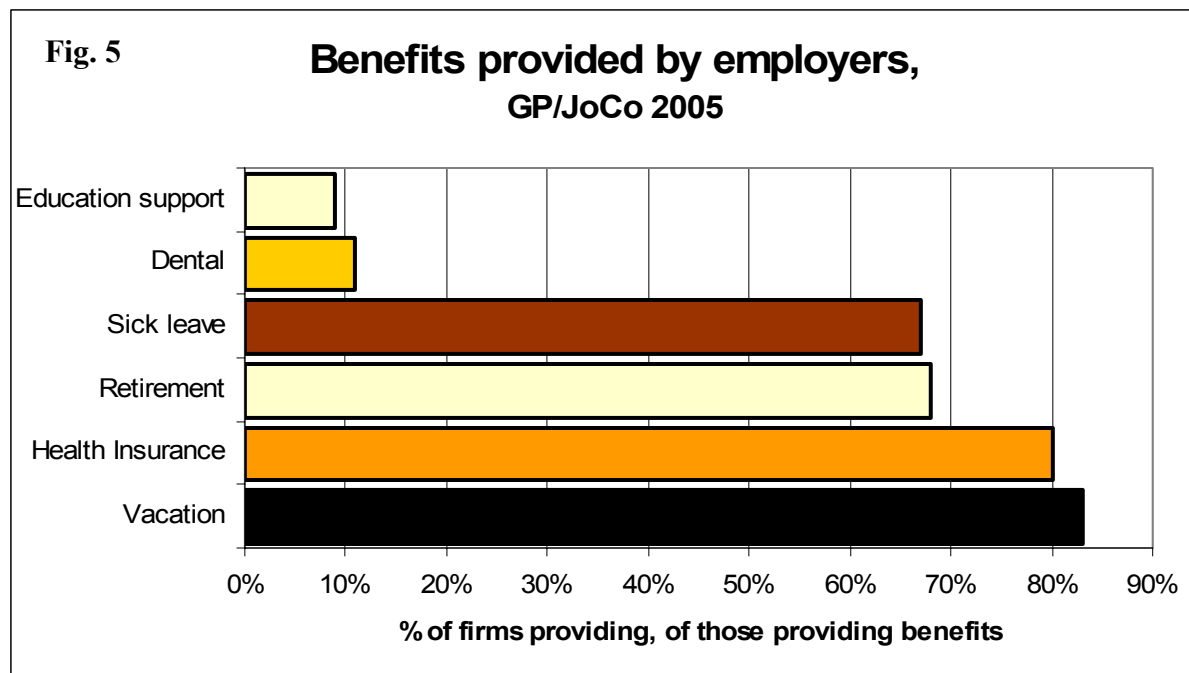
Generally speaking, wages have risen over the years, but the mean wage paid to skilled production labor appears to have slipped slightly between 2002 and 2005 (see Table 8.). This aberration may in part be due to the small sample size of businesses surveyed in 2002.

Employee Benefits

Despite the rising cost of health care, it appears that more businesses are providing benefits to their employees than they were in previous years. In fact, the percentage of those who say they provide benefits is higher in 2005 than it was in either 1999 or 2002.

Table 8.	General Production Mean Wage*	Skilled Production Mean Wage
1999 Survey	\$7.76 - \$8.23/hr.	\$11.20/hr.
2002 Survey	\$8.24 - \$8.25/hr.	\$13.63/hr.
2005 Survey	\$9.19/hr.	\$12.18/hr.

**The wage range stated in 1999 and 2002 is due to general production labor included in two separate job classifications in the 1999 and 2002 surveys.*



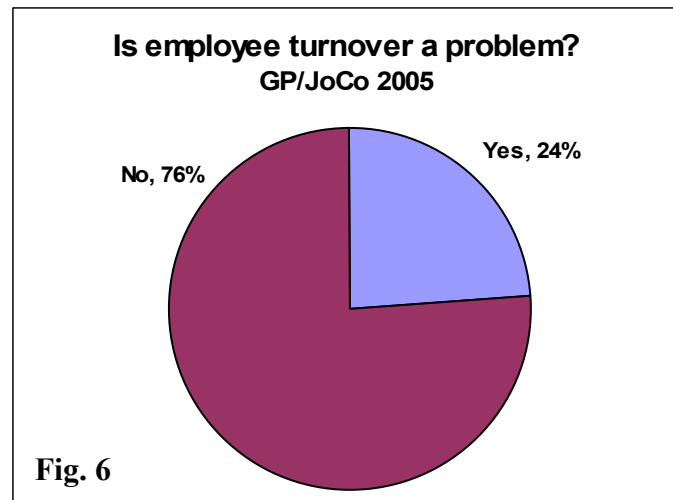
Benefits may also rise and fall with the economy, as the percentage of those businesses which provide benefits dipped slightly in 2002 (see Table 9.). This is good news for the economic health of

Table 9.	% of firms surveyed who provide benefits	% of firms surveyed who don't provide benefits
1999 survey	88%	12%
2002 survey	85%	15%
2005 survey	91%	9%

the community, and it may also serve to compensate for what appears to be a dip in wages. It may also be reflective of employers' realization that benefits are equally, and sometimes more, important to their employees than wages, and that to keep good employees from leaving, a sound benefit package is a necessity. A variety of different types of benefits are being offered, with health insurance, vacation and retirement being the most popular (see Figure 5.). Over 80% of the businesses surveyed providing benefits are providing vacation and/or health insurance.

Employee turnover

Three-fourths of businesses say that employee turnover is NOT a problem for them (76% no vs. 24% yes—see Figure 6.). Of those who report that turnover is a problem, issues listed include absenteeism, lack of work ethic and problems at entry levels. About a fifth of manufacturers reported a turnover problem. Some employers reported that turnover was a problem specifically due to the type or nature of work due to seasonality issues or working conditions and pay ranges. As in past years, employee turnover does not appear to be a major issue facing local employers. However, as the following section demonstrates, finding employees remains a challenge for many.



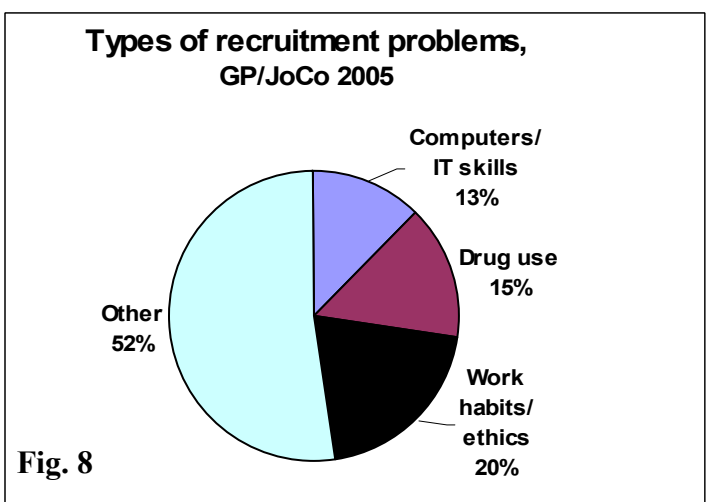
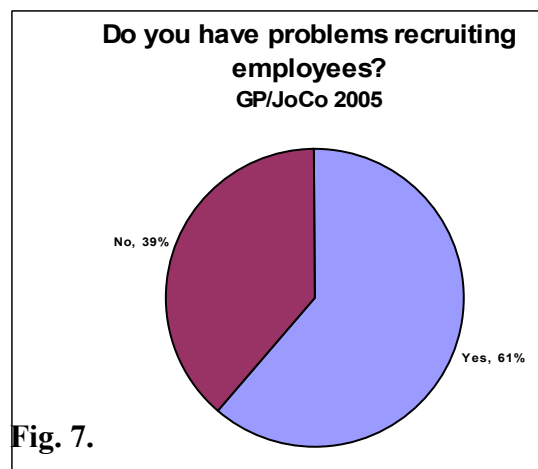
Recruiting for employees

Companies were asked whether or not they had problems with the recruitment of employees. As in 2002, it's about a 60/40 split. However, in 2005, the split is reversed, with approximately 60% expressing they do have problems recruiting new employees, shown in Fig. 7. This recruitment issue is reminiscent of 1999, when employers also expressed a 60/40 "yes/no" split when asked if they had recruitment issues. Since we know that 1999 was at the tail end of a period of long, sustained economic growth, it could be surmised that employers tend to have more difficulty finding employees during good economic times, as the labor market tightens. That would lead us to believe, then, that at least in terms of the labor market and the availability of quality labor, 2005 is very similar to 1999.

Firms listed problems recruiting semi-skilled and skilled workers. Eight out of 10 manufacturers reported recruiting problems. The largest groups of

hard-to-fill occupations included skilled, technically skilled, semi-skilled, unskilled, sales and nursing/healthcare.

Businesses who had experienced problems with finding good employees were asked to provide detailed answers as to the types of employees they were having difficulty hiring and what those issues were. This was an open-ended question. Responses were varied, but themes centered around **work ethics, unqualified applicants, lack of applicants, and a lack of needed skills.** (see Fig. 8.)



Quality of workers

Employers in Grants Pass & Josephine County continue to be generally pleased with the quality of their employees—once they can find and hire them. Employers were asked to rate their

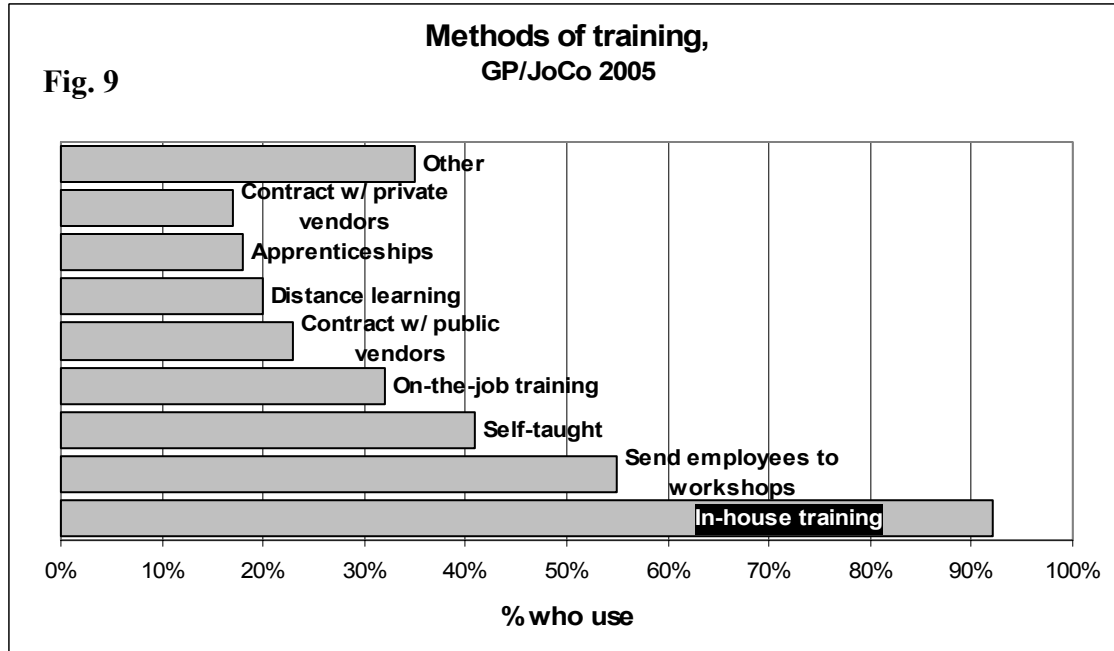
Attitude toward work	Productivity
4.3	4.3

employees' with respect to their attitude toward work and their productivity. These ratings continue to be

employee productivity as “good” or “excellent” and 93% rated employee attitudes as “good” or “excellent.” Refer to Table 10.

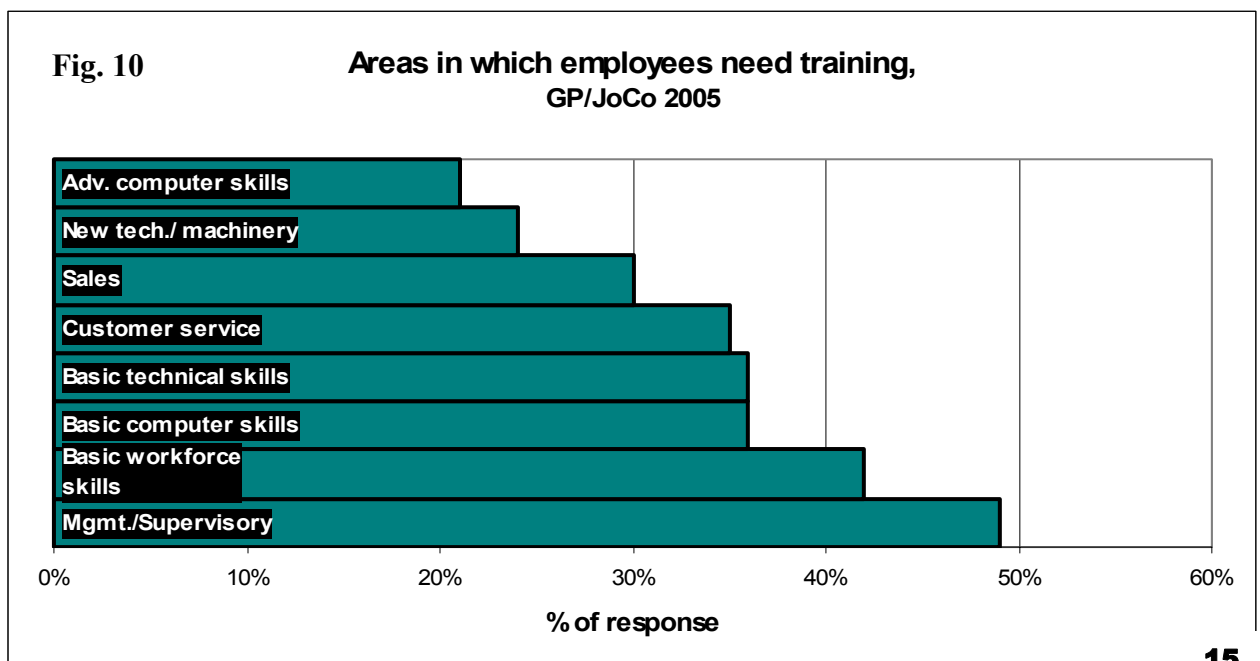
Training. Most local employers provide some sort of training for their employees. In 2005, only 1.5% of the businesses surveyed do not provide any training at all. In-house training remains the most popular (92% in 2005), as it has in previous surveys. Self-teaching and sending employees to workshops are other popular methods, again very similar to previous surveys. See Fig. 9.

Like in 1999 and 2002, businesses continue to say they need training and assistance, both for business productivity and their own professional development, but also for their employees, current and future. With technology changing all of the time, small businesses can struggle to keep up. Management, computer skills, basic workforce and customer service skills remain among



very high, but they were slightly lower in 2005 compared with 2002 and very similar to the ratings listed in 1999. On a scale of 1-5, with 1 being very poor and 5 being excellent, employers rated their employees as “good to excellent” in this area. In 2005 91% of those business surveyed rated

the top skills needed by employers, similar to those noted in previous years. See Fig. 10.



Most businesses stated they did not need any business management training, consulting or assistance (62%), but 52% of manufacturers surveyed did state a business management or consulting need. Supervision and management training were listed by most businesses who responded to this question. Areas of interest were quite varied, but leading answers included:

- General business management
- Supervisory skills
- Communications skills
- Legal, financial, marketing, human resources

Looking to the future

Sales volume changes

Businesses were asked to state whether or not their sales had increased or decreased in the past three

Sales	Increase	Decrease	Stay the same
Last 3 years	74%	18%	8%
Next 3 years	79%	21%	0%

Table 11. years and what they projected their sales would do in the next three years. This question was asked a bit differently in 2005, so it is difficult to accurately compare this data with previous years. The majority of firms reported strong past and future increase in sales. Many firms attributed sales increases to population or economic growth, new product lines and marketing. About one in five firms reported declines in sales in the past or future. Some of the firms noted 9/11 or foreign competition. It might appear that businesses in 2005 are a bit more pessimistic about the future than in previous surveys, but it may be that there is a bit more conservatism due to some of the harsh realities experienced in the recent past. Eleven businesses (17%) are projecting a future growth of 50% or greater, and seven (11% of those surveyed) are projecting triple-digit future growth. Sixteen businesses (24%) have seen a past growth of greater than 50% - half of those experienced triple-digit growth in the past three years.

The majority of firms (71%) are aware of emerging technologies and/or market forces what will affect them, and over half expect these changes to actually *increase* their

sales and/or production.

For the first time in a local survey, businesses were asked to evaluate their industry and the trends facing the industry. Over three-fourths of firms surveyed perceive that production levels industry-wide are increasing. About half of firms surveyed had foreign competition and 41% of all firms see production levels by foreign competitors overseas increasing. These firms also see the market share of foreign competitors increasing.

The local economy is all about change, as businesses are continually adapting to a very dynamic global economy.

- As in years past, an overwhelming majority (80%) of businesses surveyed said they added or subtracted product lines in the past, and most expect to do so in the future as well.
- Over 80% expanded use of telecommunications technology in the past, and expect to continue to do so in the future.
- Only 38% of the businesses surveyed made market adjustments due to foreign competition in the past three years, but 44% expect to adjust over the next three years. This indicator could signify a trend related to an increasingly global economy.
- An increasing number of businesses (81%) plan to adopt labor saving technologies in the future, compared to the past (69%). This may signal a shift away from a need for production labor for a business to be productive.
- The most-cited challenges expected to encounter when making changes were: learning curve/ employee resistance and computer/Internet related.

Business expansions/ changes

Just over half (52%) of the businesses surveyed say they own their building. The remainder lease the facility in which their business operates. It surprised us to learn in 1999 and again in 2002 that 40% of the businesses surveyed say they do not have own or

lease sufficient property at their current site for expansion. In 2005, again nearly 40% of the businesses surveyed do not have sufficient property for expansion. Additionally, 64% have plans to modernize or expand their present building. 55% of those who plan facility changes will add square footage, which includes space for plant production, warehousing and office space.

In 2005, again nearly 40% of the businesses surveyed do not have sufficient property for expansion.

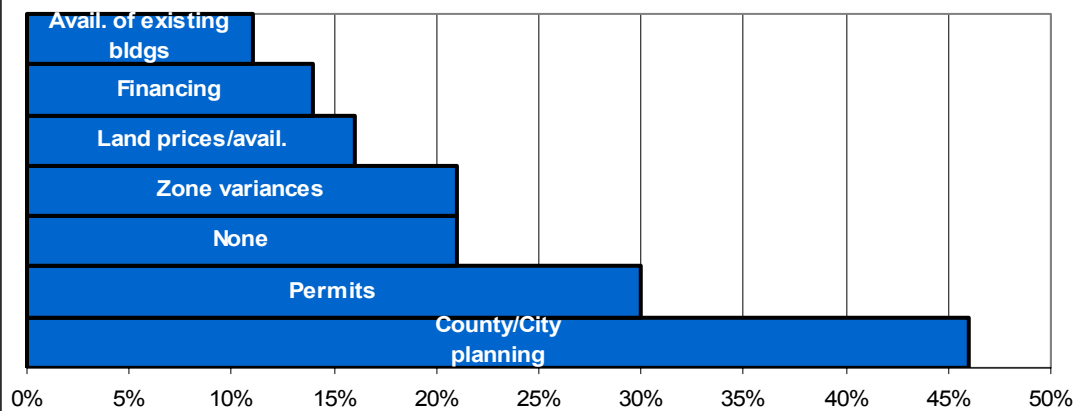
Only 11% of those planning building changes are planning a remodel or making aesthetic improvements. Interestingly, 82% of manufacturers had plans to modernize or expand. Half of those planning to make facility/ building changes are making changes now or plan to within the next three years. Nearly one-third plan changes in 2005. A majority of businesses surveyed (59%) have physically expanded in the past five years, and 52% have remodeled. Nearly half of those who had problems dur-

- **One-third of the businesses surveyed plan to add square footage**
- **One-third plan to begin a facility change project within the next 3 years**
- **59% have physically expanded in the past 5 years**
- **52% have remodeled in the past 5 years**
- **37% have relocated in the past 5 years**
- **40% DO NOT HAVE sufficient land or building to expand!**
- **21% plan to relocate in the next 3 years**

cate their business within the next three years, and 9% are considering closing their business. The majority of those considering a relocation (82%) would relocate in the same city or region. 19% were undecided. None planned to relocate outside of the region. Most businesses considering relocating or closing cited overcrowded building, no land for expansion and better opportunities elsewhere as key reasons to move/close. See Fig. 12.

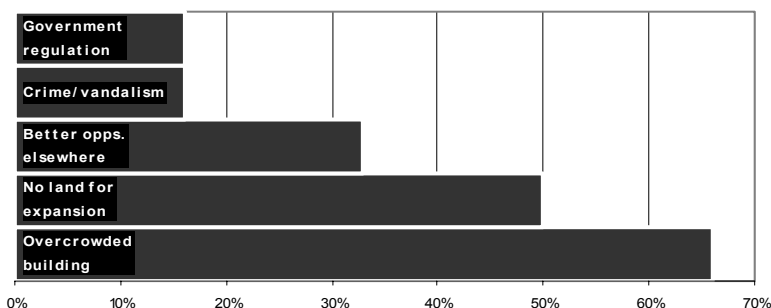
It appears opportunities exist to interact with many businesses who are planning a relocation, expansion or closure in the future. Since many businesses do not have the building/ land needed for expansion, there is a need to facilitate real estate development or redevelopment to accommodate these needs. As no businesses are planning to move out of the area, there is

Fig. 11 Challenges encountered during recent facility changes, GP/JoCo 2005



ing their most recent facility changes state issues with County or City Planning requirements or timing. Other common problems included: financing, zone variances, permits, land prices/ availability and availability of an existing building. See Figure 11. One-fifth of the businesses surveyed are planning to relo-

Fig. 12 Key factors affecting move/close, GP/JoCo 2005



less of a retention need and more of a expansion need. However, there some potential business closures that will need to be addressed.

Rating community services

Businesses were asked to rank (using the 1-5 rating scale, with 1 being very poor and 5 being excellent) 15* different community services, ranging from day care to street maintenance. All areas received a “fair” or better average rating, with the lowest average rating a 3.5 (building codes and inspection & zoning and land use) and the highest a 4.3 (parks & recreation). However, responses ran the full range in most categories from “very poor” or “1” to “excellent” or “5” with considerably more “excellent” ratings than “very poor” ratings. See Table 12 for the detailed breakdown. Virtually all categories were rated equal to or better than they were rated in 2002 and 1999. Only two categories, both education-

related (post-secondary education and elementary & secondary schools) showed a slight drop from 2002, but were still rated higher than in 1999. This rating may indicate some frustration felt by local citizens with the on-going controversy of education funding at the state level. Most categories received at least a few “poor” and “very poor” ratings, with telecommunications, zoning and land use and building codes and inspections receiving the majority of comments and ratings in this area. However, when comparing 1999 with 2005 the biggest improving categories were law enforcement and roads (+.7); zoning and land use and solid waste (+.6) and child care and parks/recreation (+.5).

Category	Change	% good/ excellent	Ave. rating 2005	Ave. rating 2002	Ave. rating 1999
Building codes and inspection	↑	61	3.5	3.3	3.2
Zoning and land use	↔↑	54	3.5	3.5	2.9
Child care	↔↑	82	3.6	3.6	3.1
Telecommunications	n/a	62	3.6	n/a	n/a
Availability of parking	↑	63	3.7	3.3	3.2
Law enforcement	↔↑	76	3.8	3.8	3.1
Post-secondary education	↓↑	74	3.8	4.1	3.6
Vocational schools	↑	53	3.8	3.6	3.4
Health care	↔↑	76	3.8	3.8	3.6
Roads, highways, freeways	↑	75	3.9	3.8	3.2
Elem. & Sec. Schools	↓↑	70	3.9	4.0	3.4
Water treatment	↑	91	4.0	3.8	3.6
Sewer treatment	↔↑	91	4.0	4.0	3.6
Solid waste disposal	↑	84	4.0	3.9	3.4
Fire protection	↔↑	87	4.2	4.2	3.9
Recreation facilities	↔↑	94	4.3	4.3	4.1
Park System	↔↑	94	4.3	4.3	4.2
Ambulance services		n/a	n/a	4.1	3.8
Hospitals		n/a	n/a	4.3	3.6

Table 12.

* “Telecommunications” was added as a category in 2005. “Ambulance services” and “hospitals” were discontinued as categories. “Water treatment” and “sewer treatment” were combined into one category in 2005, as were “recreation facilities” and “park system.” “Street maintenance” was changed to “roads, highways and freeways” in 2005. “Day care” was changed to “child care.” “Community education” was changed to “post-secondary education.”

Suggested strategies and conclusion

- **Ensure “Red Flag” issues are followed-up accordingly.** The BR&E Committee should appoint an individual or a small group to look after the Red Flag issues uncovered during the 2005 round of visitations and ensure all are addressed appropriately, ideally within 60 days of the 2005 Annual Meeting. It is critical that these do not fall by the wayside.
- **Immediately address especially critical issues.** The survey data shows that 40% of the businesses surveyed do not have the land/building to meet their expansion needs. Further analysis needs to be developed to determine how many of these plan to expand in the near future, and contact should be made with each individually to provide expansion assistance. Also, a number of businesses cited potential relocation and closure. These businesses should be individually contacted to determine assistance needs.
- **Establish a working group to address solid waste disposal issues.** A surprising number of businesses had issues with solid waste disposal. An individual or small group should begin further analyzing these needs and develop strategies for individual business needs or holistic community solutions to these problems, where appropriate.
- **Address employee training and recruiting issues.** Training issues tend to arise in each survey, and these need to be addressed individually and as a group, where appropriate, as in past surveys by the workforce development professionals on the BR&E Task Force. Employees and business managers/owners state training needs in supervisory and management skills. One difference this year regarding workforce issues, was the majority of businesses who expressed challenges associated with recruiting new employees. An individual or small group should analyze and address these issues, passing along recommendations to the appropriate bodies, such as the Rogue Valley Workforce Development Council.
- **Develop an “inter-survey” plan for 2006-2007.** A plan should be developed for 2006 and 2007, the years between survey years. This plan should be drafted by the end of 2005. The plan should address 2006 as a year to ensure all short-term issues raised in the 2005 survey have been addressed and strategies have been implemented to assist businesses. A long term plan should be drafted in 2006 and implemented beginning in 2007 to address the longer-term issues raised in the 2005 survey.

2005
Grants Pass/ Josephine County, Oregon
BUSINESS RETENTION & EXPANSION
(BR&E)
BUSINESS SURVEY/ VISITATION

SUMMARY REPORT



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